RICHMOND MUNICIPALITY

2010/2011 BUDGET

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Richmond Municipality Budget and Treasury Office

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RICHMOND MUNICIPALITY

MAYORS REPORT

Mayors Budget Speech 2010/2011

The Richmond Vision 2015

Through innovation and dedication, the Richmond Municipality will provide its citizens with access to physical, social and economic development opportunities in a safe and secure environment.

In his 2010, state of the nation address, the President signalled that government intends to:

- Deliver more and better services in a caring and efficient manner
- Hold political office bearers and public servants accountable
- Shift resources to new priorities
- Move from debate to effective implantation and decisive action and
- Work in partnership with communities, labour and business to achieve our shared objectives.

These objectives are directly relevant to the Richmond Municipality. The challenge however is to do more within its existing resource envelope. Achieving this objective requires a new way of working we have therefore prioritised the budget so that money is allocated to high priority programmes.

We remain focused on the effective delivery of core municipal services and this will be achieved by aligning the municipal budget to the integrated development plan.

RICHMOND MUNICIPALITY

BUDGET RELATED RESOLUTIONS

Budget related resolutions

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Richmond Municipality for the financial year 2010/11; and indicative allocations for the two projected outer years 2011/12 and 2012/13; and the multi-year and single year capital appropriations are approved as set-out in the following tables:

1.1 Budgeted Financial Performance (revenue and expenditure by standard classification): **(Table A2 – Supporting Tables A2a, SA1,SA2,SA3)**
1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); **(Table A3 – Supporting Table A3a)**
1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and **(Table A4)**
1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
(Table A5)

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

2.1 Budgeted Financial Position; **(Table A6)**
2.2 Budgeted Cash Flows; **(Table A7)**
2.3 Cash backed reserves and accumulated surplus reconciliation; **(Table A8)**
2.4 Asset management; and **(Table A9)**
2.5 Basic service delivery measurement. **(Table A10)**

3. That in terms of section 24(2)©(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government Municipal System Act, Act 32 of 2000 as amended, the tariffs for the supply of refuse, property rates and other tariffs as set out in **Annexure D** that was used to prepare the estimates of revenue by source, are approved with effect 1 July 2010.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or amendments to the rates policy) as set out in **Annexure C** is approved.

5. That in terms of section 24(2)©(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in **Supporting Table SA7** are approved.

6. That in terms of section 24(2)©(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget Chapter 17 are approved.

7. That in terms of section 24(2)©(v) of the Municipal Finance Management Act, 56 of 2003, the budget related policies, including any amendments are approved for the budget year 2010/11.

8. That in terms of sections 22(2)(b) of the Municipal Finance Management Act read together with section 23(3) of the Municipal Budget and Reporting Regulations, council approves an application to National Treasury for the roll over of the unspent balances of the 2009/2010 Financial Management Grant, Municipal Systems Improvement Grant and Municipal Infrastructure Grant (MIG).
(NB: All unspent 2009/2010 funds are committed)

9. Council notes the Service Delivery and Budget Implementation Plan (SDBIP) with the budget for subsequent approval by the mayor.

RICHMOND MUNICIPALITY

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Number	Details
1.	Employee related costs
2.	Remuneration of councillors
3.	Operating Appropriation
4.	Capital Appropriations
5.	Funding
6.	Budget summary

The budget has been framed in line with the following principles:-

1. Employee related costs

An 8.48 percent increase has been provided for all employees. The following additional posts have been provided for:-

a) Municipal Manager

- 1 x Communications Officer

b) Corporate Services

- 1 x Secretary for Strategic Managers
- 1 x IT Officer
- 1 x Help Desk Officer

c) Community Services

- 1 x Housing Clerk

d) Library Services

- 1 Assistant Librarian for the Hopewell Library

e) Technical Services

- 1 Tractor Driver
- 1 Supervisor

f) Protection Services (Learners Centre)

- 1 Senior Examiner
- 1 Cashier

g) Roads

- 1 Tipper Truck Driver
- 1 TLB Operator

h) Refuse Collection

- 1 General Assistant

2. Remuneration of Councillors

- An 8.5 % increase has been provided for. The final increase is determined by the National Minister of Provincial and Local Government in consultation with the Provincial Minister of Local Government and Traditional Affairs.

3. Operating Appropriations

- These costs have been provided by the various heads of departments.
- Contract costs have been calculated.
- Every effort has been made to limit budget increases

4. Capital Appropriations

- The capital budget is informed by the Integrated Development Plan as well as the requests by the various departmental heads.

- The main focus is on ensuring improved service delivery.
- This is evidenced by the some of the following items reflected on the capital budget which are to be financed from municipal own funds:

Item	Budget	Key Performance Area
1 Tipper Truck	550,000	Basic Services Delivery and Infrastructure Development
1 Refuse Truck	1,200,000	
3 Vehicles for the building and estates departments	430,000	
3 Brushcutters	15,000	

5. Funding

Every effort has been made to limit the rates and tariff increases, taking into account the recent recession and the current situation in the job market as a result thereof.

- Rates

Rate Randage's have been increased by 6% as follows:

Categories	Rate Randages 2009/10	Rate Randages 2010/11
Residential property	0,0052	0,0055
Business, commercial and industrial property	0,0104	0,0110
Agricultural property	0,0013	0,0014
State owned property	0,0104	0,0110
Public service infrastructure	0,0104	0,0014
Public benefit organisation property	0,0104	0.0014
Other	0,0027	0,0029

- The municipality is complying with Gazette No. 33016 which determines the ratio's for rate randages of agricultural, public service infrastructure and public benefit organisation properties in relation to residential properties.

- Funding of free basic refuse is only applicable for the 2010/2011 and future funding of free basic refuse will be dependant on available resources.
- Businesses are charged accordingly for refuse removal and they are however granted a 90% rebate on the applicable tariffs.

- The proposed refuse tariffs are unchanged and are as follows:

Categories	Refuse Tariffs 2009/10	Proposed Refuse Tariffs 2010/11
Residential	110.94	110.94
Commercial (removal twice per week)	336.20	336.20
Commercial (removal five times per week)	840.51	840.51

This represents the actual tariffs required in order to recover the full cost of the refuse removal services from the end user. From 2011/12, a phased approach will be adopted whereby residents commence paying for their refuse removal.

- Grants funding has been provided for as per the Division of Revenue Act, as supplied by the Department of Traditional and Local Government Affairs, sector departments and the district municipality.
- Other sources of income were calculated where possible and provided by the various heads of departments.

6. BUDGET SUMMARY

6.1. Operating Budget

Operating Revenue

Detail	**2010/2011**	**2011/2012**	**2012/2013**
Revenue by Source	**R**	**R**	**R**
Property Rates	4,800,000	5,136,000	5,495,520
Property rates – Interest	300,000	321,000	343,470
Service Charges – refuse removal from tariff billings	1,050,390	1,155,429	1,270,972
Service Charges – other	0	0	0
Rental of facilities and equipment	1,560,205	1,374,950	1,127,727
Interest earned – external investments	1,050,000	1,123,500	1,202,145
Interest earned – outstanding debtors	30,000	32,100	34,347

Fines	605,000	647,350	692,665
Licenses and Permits	1,820,000	1,947,400	2,083,718
Income from Agency Services	310,000	331,700	354,919
Government Grants and Subsidies	45,550,000	40,298,380	45,710,927
Other Income	2,323,310	331,989	355,228
TOTAL OPERATING REVENUE BY SOURCE	**59,398,905**	**52,699,798**	**58,671,637**

6.2. Operating Appropriations

Detail	**2010/2011**	**2011/2012**	**2012/2013**
Expenditure by Source	**R**	**R**	**R**
Employee Related Costs	187,421,405	19,415,524	20,774,611
Remuneration of Councillors	3,178,430	3,400,920	3,638,985
Collection Costs	150,000	160,500	171,735
Depreciation	4,422,688	4,732,278	5,063,538
Repairs and Maintenance	2,370,350	2,536,456	2,676,032
Contracted Services	2,251,128	2,359,145	2,524,285
Grants and Subsidies Paid	79,980	85,579	91,569
General Expenses	28,514,920	19,998,625	23,294,239
Contributions to Provisions	10,000	10,700	11,449
Total Expenditure	**59,398,901**	**52,699,727**	**58,246,441**
Less : Transfers recognized Capital	(21,524,000)	(13,500,000)	(16,414,000)
TOTAL OPERATING EXPENDITURE BY NATURE	**37,874,901**	**39,199,727**	**41,832,441**

6.3. Capital Appropriations by Vote

Detail	**2010/2011**	**2011/2012**	**2012/2013**

	R	R	R
Executive & Council	400,000	0	0
Finance & Admin	42,500	0	0
Planning & Development	300,600	0	0
Community & Social Services	258,500	3,389,810	0
Public Safety	20,000	0	0
Sport & Recreation	9,145,000	0	0
Waste Management	1,200,000	0	0
Road Transport	13,369,000	12,110,190	18,414,000
CAPITAL EXPENDITURE BY VOTE	**24,735,600**	**15,500,000**	**18,414,000**

Please note that the housing projects are contained in the IDP.

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ANNUAL BUDGET TABLES

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION: OVERVIEW OF ANNUAL BUDGET PROCESS

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SUPPORTING DOCUMENTATION: OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTERGRATED DEVELOPMENT PLAN

The annual budget and the IDP are aligned. The Financial Plan contained in the IDP incorporates the three year operating and capital budgets.

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SUPPORTING DOCUMENTATION: MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The measurable performance objectives and indicators are contained in the Municipality's Service Delivery and Budget Implementation Plan.

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION:
OVERVIEW OF BUDGET RELATED POLICIES

Listing of budget related policies

No	Description of Policy
1.	Tariffs policy
2.	Municipal property rates policy
3.	Credit control and debt collection policy
4.	Cash management and investment policy
5.	Supply chain management policy
6.	Asset management policy
7	Indigents policy
8.	Budget policy
9.	Recruitment Policy
10.	Uniform / Protective Clothing Policy
11.	Cell Phone Policy
12.	HIV / AIDS Policy
13.	Subsistence and Travel Allowance policy

(Copies of the above policies attached)

The following budget related policies are in the process of being developed:-

a) Borrowing Policy
b) Funding and Reserves Policy
c) Long Term Financial Plan Policy
d) Free Basic Services Policy
e) Infrastructure and Capital Investments Policy

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SUPPORTING DOCUMENTATION:
OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions are based on the estimated increases in tariffs, figures supplied by Heads of Departments and the calculation of contracted services.

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SUPPORTING DOCUMENTATION:
OVERVIEW OF BUDGET FUNDING

OVERVIEW OF BUDGET FUNDING

Revenue

- Property Rates
- Service Charges
- Other Revenue including Grants

Expenditure

- Employee Related Costs
- Depreciation and Asset impairment
- Contracted Services
- Other expenditure

Further details are contained in table A4.

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SUPPORTING DOCUMENTATION: EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

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SUPPORTING DOCUMENTATION: ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality provides grant allocations to the following bodies:-

- Richmond Museum
- Richmond Fire Protection Services
- Richmond Tourism

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SUPPORTING DOCUMENTATION: COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

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SUPPORTING DOCUMENTATION: MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

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SUPPORTING DOCUMENTATION: ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS - INTERNAL DEPARTMENTS

ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS

As per attached SDBIP.

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION: ANNUAL BUDGETS AND SERVICES DELIVERY AGREEMENTS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION: CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION: CAPITAL EXPENDITURE DETAILS

CAPITAL EXPENDITURE DETAILS

- The capital budget is informed by the Integrated Development Plan as well as the requests by the various departmental heads.

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SUPPORTING DOCUMENTATION: LEGISLATION COMPLIANCE STATUS

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION:
OTHER SUPPORTING DOCUMENTS

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION:
ANNUAL BUDGETS OF MUNICIPAL ENTITIES ATTACHED TO THE MUNICIPALITIES BUDGET

RICHMOND MUNICIPALITY

SUPPORTING DOCUMENTATION: MUNICIPAL MANAGERS QUALITY CERTFICATION

Quality certificate

I MR E S Sithole, municipal manager of Richmond municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Intergrated Development Plan of the municipality.

E S Sithole
Municipal Manager of Richmond Municipality

Signature:_____

Date:_____